

Schedule H - Direct Shipper's Annual Liquor Tax Report Filing Instructions

Per N.D.C.C. § 5-01-16, a direct shipper who ships alcoholic beverages directly to an individual in North Dakota must file a tax report and send it to the Office of State Tax Commissioner. The annual tax report must be submitted on forms prescribed by the Office of State Tax Commissioner. **The Commissioner has designated "Schedule H" as the direct shipper's annual liquor tax report form to be used for reporting and paying tax on liquor, which includes wine. Direct shippers should use Schedule G when reporting and paying tax on beer.** The Direct Shipper liquor tax report, Schedule H, is an annual report and is due on or before **January 15** of the year following the year of sale. If no sales were made, no report is necessary.

N.D.C.C. § 5-03-06 also applies for any taxes imposed by this chapter, failure to pay such tax on the date payment is due, there must be added to the tax a penalty of five percent of the total amount of the tax or five dollars, whichever is greater, plus interest of one percent of the tax per month or fraction of a month of delay, except the month the return or tax becomes due; and failing to furnish reports when required must be assessed a penalty of one hundred dollars for each day such reports are delinquent.

For purposes of this report, the following definition applies:

"Liquor" means any alcoholic beverage except beer.

"Alcohol" means neutral spirits distilled at or above one hundred ninety degrees proof, whether or not such product is subsequently reduced, for nonindustrial use.

"Distilled Spirits" means any alcoholic beverage that is not beer, wine, sparkling wine, or alcohol.

"Sparkling Wine or Champagne" means wine made effervescent with carbon dioxide.

"Wine" means the alcoholic beverage obtained by fermentation of agricultural products containing natural or added sugar or such beverage fortified with brandy and containing not more than twenty-four percent alcohol by volume.

"Gallon" means US wine gallon equal to 128 ounces.

Schedule H Filing Instructions

Use the actual Schedule H report form designated for either paper or electronic filing.

Please Note: Calculation formulas have been provided in highlighted fields.

➡ Begin with Schedule H Coversheet.

Report Period: Enter the calendar year covered on the report in the YYYY format (i.e., 2008).

Original or Amended return: Enter "O" for original return or an "A" for amended return.

Direct Shipper Name: Enter the name you have on your N.D. Direct Shipper Permit.

Direct Shipper FEIN: Enter the company assigned 9 character Federal ID Number with no hyphens.

ND Direct Shipper Permit #: Enter your 5 character N.D. Direct Shipper Permit number.

Address, City, State, and Zip Code: Enter the Direct Shipper's mailing address using US Postal code formatting.

Phone Number: Enter the phone number of the contact person.

Email Address: Enter the contact person's email address.

Stop here, you will return later to finish the coversheet.

➡ **Next, complete the Direct Shipper's Annual Liquor Tax Report – Shipments Worksheet.**

Note that the first four information fields will fill in automatically pulling information from the Schedule H coversheet when you use our Excel report form.

Report Period: Enter the calendar year covered on the report in the YYYY format (i.e., 2008).

Direct Shipper Name: Enter the name you have on your N.D. Direct Shipper Permit.

Direct Shipper FEIN: Enter the company assigned 9 character Federal ID Number with no hyphens.

ND Direct Shipper Permit #: Enter your 5 character N.D. Direct Shipper Permit number.

For each shipment, enter:

- a. The invoice date.
- b. The invoice number.
- c. N.D. Customer Name.
- d. N.D. Customer Address – enter street or shipping address, then enter city name.
- e. Convert total invoiced products, by category, to gallons rounded to 2 decimal places.
- f. Compute the grand total volume for the report period for each category. Enter those totals in the space provided above the detailed columns in Block A through Block E. These totals are carried to Line 1, 3, 5, 7, and 9 on the Schedule H coversheet.

When multiple pages are used to complete the shipments worksheet, report the grand total for each category on the first shipments worksheet page in Block A through Block E. Block A through Block E on the first shipping worksheet page will be the total gallons for all entries on the worksheet(s).

For return/credit invoices, provide the same information as for sales invoices and enter volumes as credit (negative) amounts.

DO NOT LEAVE ANY FIELD BLANK WHEN COMPLETING THE INVOICE DATE, INVOICE NUMBER, AND CUSTOMER NAME AND ADDRESS INFORMATION FIELDS.

➡ **Next, return to the Schedule H Coversheet and complete the report.**

When using the Excel file, many of the lines are automatically filled in based on information entered on the corresponding worksheets.

- Line 1: Total sales gallons for spirits, rounded to 2 decimal places, from Block A on the shipments worksheet.
- Line 2: Compute tax due for Line 1 spirits sales, Line 1 times \$2.50.
- Line 3: Total sales gallons for sparkling wine or champagne, rounded to 2 decimal places, from Block B on the shipments worksheet.

- Line 4: Compute tax due for line 3 sparkling wine or champagne sales, Line 3 times \$1.00.
Line 5: Total sales gallons for wine 17% - 24%, rounded to 2 decimal places, from Block C on the shipments worksheet.
Line 6: Compute tax due for line 5 wine sales, Line 5 times \$.60.
Line 7: Total sales gallons for wine <17%, rounded to 2 decimal places, from Block D on the shipments worksheet.
Line 8: Compute tax due for Line 7 wine sales, Line 7 times \$.50.
Line 9: Total sales gallons for alcohol, rounded to 2 decimal places, from Block E on the shipments worksheet.
Line 10: Compute tax due for Line 9 wine sales, Line 9 times \$4.05.
Line 11: Total tax due is calculated by adding the liquor tax from Lines 2, 4, 6, 8, and 10.
Line 12: If filing an amended return, enter previously paid tax from previously filed return for this reporting period.
Line 13: Total tax due with this report is calculated, Line 11 minus Line 12.
Line 14: Enter penalty on late or amended returns if applicable (5% of tax due or \$5.00, whichever is greater).
Line 15: Enter interest on late or amended returns if applicable (1% of tax due per month except for month after the return or tax becomes due).
Line 16: Total tax, penalty, and interest due is calculated by adding Lines 13, 14, and 15.
Line 17: Enter any credit claimed for prior returns which have been previously approved (enter positive number).
Line 18: Total amount remitted with this return is calculated, Line 16 minus Line 17.

Be sure to enter the volumes in the correct category.

Report wine volumes in correct categories ‘wine 17-24%’ or ‘wine under 17%’ alcohol.

Report ‘alcohol’ and “distilled spirits” in correct categories.

Always enter all volumes rounded to 2 decimal places.

Paper File Report:

Sign and date the report.

Mail tax report along with tax payment to:

Office of State Tax Commissioner
Alcohol Tax Section
600 E Boulevard Ave., Dept. 127
Bismarck, ND 58505-0599

The report and payment must be mailed by the due date to be considered timely filed.

Electronically File Report:

Save a copy of this year’s report in the Excel format for your records.

Prepare an email to alcoholtax@nd.gov, enter your 5 digit direct shipper license number in the subject line, and attach the completed Schedule H report. Be sure you are sending the report in the Excel format prescribed by the Commissioner. Send only one Schedule H report per email. Electronic reports must be submitted by the due date to be considered timely filed.

A check for the tax due will need to be mailed as electronic payment is not available at this time. **A check for payment of an electronic report will require a voucher to insure that the payment can be properly matched to the electronic report.** The voucher and payment must be mailed by the due date of the return to be considered timely filed. A voucher, in the Excel format, is included as a worksheet, page 3, of the Schedule H report form. Many of the fields on the payment voucher will fill in automatically pulling information from your Schedule H coversheet. The electronically submitted report can not actually be signed; therefore, **be sure to sign the voucher as this signature will replace the signature on your electronically filed report.** The voucher payment amount must match the amount of your check. Mail both the voucher and check to the address given above under paper file report. When your electronic report is received, our office will acknowledge receipt.

Contacts:	Taxpayer or Technical Assistance:	701-328-2702 701-328-3158
	E-mail Address:	alcoholtax@nd.gov
	Web Address:	www.nd.gov/tax